



2021 Sustainability Report





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FY21 Achievements

Environmental Highlights

Successfully treated and discharged 550,000 m³ of clean water that had been collected on site during the wet season

Lowest ever annual energy consumption of 65,819kWh

Lowest ever annual greenhouse gas emissions (GHG) emissions of 1503 tonnes CO₂e

Social Highlights

Zero lost time injuries for the year with an total recordable injury frequency rate (TRIFR) of 5.14

Regular community engagement meetings

Contributions to local initiatives including:

- ▶ Donation of face masks to Malawi Police for COVID-19 prevention response
- ▶ Monthly contribution of teachers' salaries to primary schools around Kayelekera
- ▶ Supporting communities in Karonga
 - ▷ Repairs to storm damaged houses in Karonga
 - ▷ Installation of protection systems as a mitigation against future lightning strikes

A Community Development Agreement has been established with our local communities that will be implemented when the mine restarts

55% of procurement spend with local and national businesses

US\$850k contributed to Malawian economy (taxes, goods and services)

Governance Highlights

Strengthened the Board with the appointment of high calibre independent directors that now comprise 50% of the Board

Appointment of Keith Bowes, a highly experienced mine developer with African and uranium experience, as Managing Director.

Submission of 15-year Mining Licence renewal at Kayelekera



Managing Directors Statement



At Lotus, we recognise that we are part of a global community. As part of this community, we are committed to operating our business in a sustainable manner that ensures our people are safe and well-supported, local communities prosper and the environment is well cared for so that it benefits future generations. Companies can be courageous and innovative in their approach to sustainability, and Lotus has both the opportunity and the capacity to be a key participant in this approach. We are committed to continuously improving the way we do business.

The mining sector remains a significant local and international industry as global demand for resources continues to improve living standards and assist economic growth. The industry is facing complex challenges, such as volatile commodity prices, climate change impacts, community acceptance, environmental concerns and the need for companies to show leadership and stewardship of natural resources. However, these challenges can also be opportunities – and the industry is in a unique position to respond. Uranium in particular has a large role to play in the transition to a low carbon future as the only sustainable base load power option with zero carbon emissions.

This year marks an important milestone for Lotus as we publish our first Sustainability Report. We are proud of our achievements and developments in this area, and we are pleased to outline them for you in this report. We have created a sustainability project team and a new sustainability champion, our Human Resources Officer, Leonard Kazembe.

Despite our Kayelekera mine currently being in care and maintenance, we still aim to maximise opportunities to create value for our stakeholders. While financial and operational success is important, we never lose sight of the vital role that our people, including our contractors, play in driving sustainable performance. Their safety will always be our greatest priority.

We have also worked hard to support the local communities in the region surrounding the Kayelekera mine so they receive real benefit from our activities. We are committed to working closely with the local communities as real partners so when Lotus thrives, they do too. Lotus also upholds high standards of environmental responsibility and we have kicked off projects to reduce our use of natural resources.

On behalf of the Board I would like to take this opportunity to sincerely thank all of the dedicated staff and contractors who have helped us to reach our goals and deliver on our commitments. Without your hard work, none of this would be possible.



About Lotus

Lotus Resources Limited (Lotus) is an ASX-listed uranium developer headquartered in Perth, Australia. Our sole asset is the Kayelekera uranium mine in Malawi, Africa which was acquired from Perth-based Paladin Energy Limited in March 2020. Lotus owns an 85% equity interest in Kayelekera with the remaining 15% held by the Malawi government.

Due to sustained low uranium prices, Kayelekera has been in care and maintenance (C&M) since 2014. While in production from 2009 to 2014, it was Malawi's largest mine, producing 10.9 million pounds (Mlb) of uranium oxide (U_3O_8). Kayelekera's current Mineral Resource Estimate is 37.5 Mlb of uranium oxide at 630 parts per million (ppm).

In October 2020, Lotus released a Restart Scoping Study indicating that recommissioning Kayelekera would cost circa US\$50 million and that if uranium prices improve, as expected based on the current macroeconomics, then the mine can be a viable, economic and long-term operation with the potential to produce up to 3 Mlb of uranium annually.

Kayelekera has the potential to become one of the first operations to come back online to meet an impending supply shortfall in uranium. The restart timeline aligns with industry predictions of a market under-supply of approximately 30 Mlbs uranium in 2024.





Key Milestones in FY21

July 2020

Lotus announces a 75% reduction in C&M costs at Kayelekera from \$5 million set aside in 2019 to \$1.2 million.

October 2020

Released a robust Restart Scoping Study which outlined an 8-year operation with average production of 2.4Mlbs U₃O₈ pa. Owing to the significant existing infrastructure at Kayelekera, the Project has one of the lowest initial capital costs (~US\$50m) in the industry to recommence production.

January 2021

Discovery of high-grade rare earth oxide (REO) mineralisation with grades of up to 16% total REO and 3.4% critical REO, located 2km from the Kayelekera Mine.

February 2021

Strengthened the Board and management team with the appointment of high calibre independent directors that comprise 50% of the Board and the appointment of Keith Bowes, a highly experienced mine developer with African and uranium experience, as Managing Director.

Completed a \$12.5 million capital raisings which strengthened the Company's share register and will see the Company fully funded through to 2023

March 2021

Announced the intension to increased the Company's ownership in Kayelekera to 85%. The remaining 15% is owned by the Malawi Government

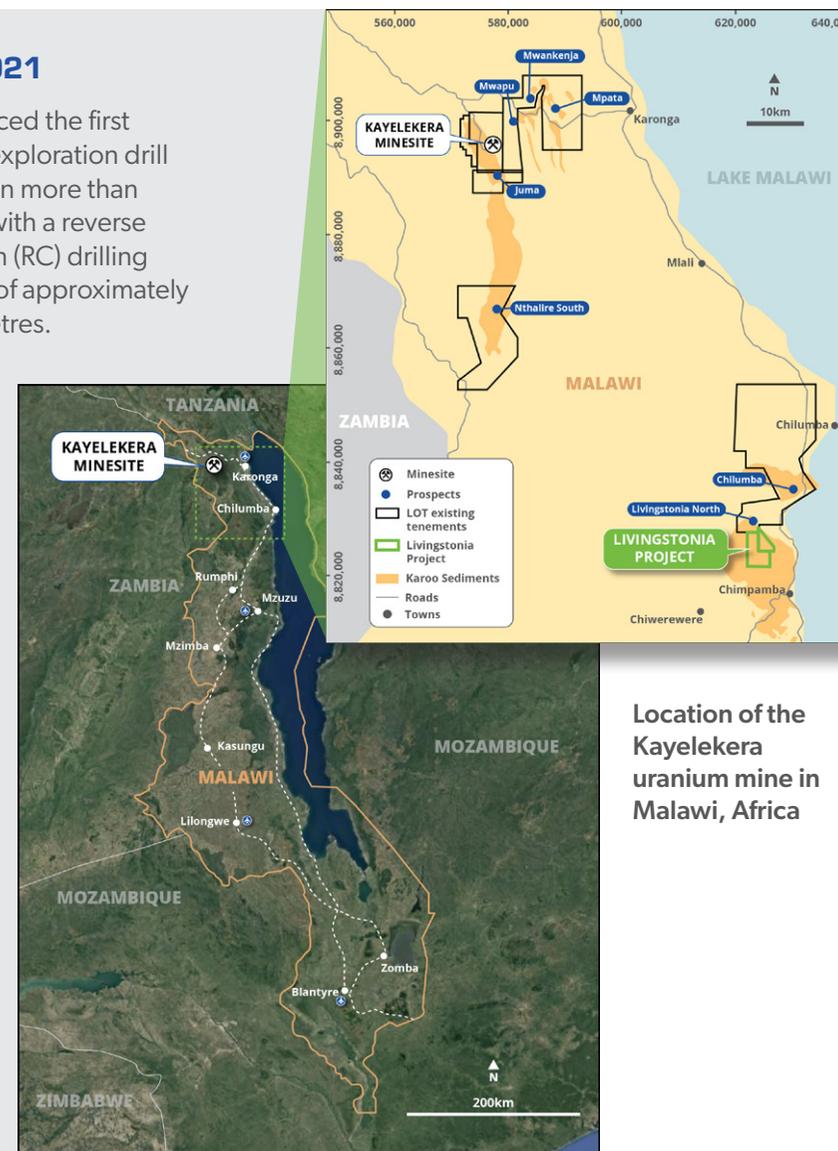
May 2021

Commenced discussions with multiple major global utilities to re-introduce the Project. These discussions have been led by Dr Robert Rich, the Company's Uranium Marketing and Sales Executive based in the USA.

Initial Ore sorting test work exceeded expectations with significant increases in plant feed grade achieved that could significantly improve the Project's economics through either increased annual production rates and / or extension of the mine life and reducing operating costs

June 2021

Commenced the first uranium exploration drill program in more than 15 years with a reverse circulation (RC) drilling program of approximately 5,000 metres.

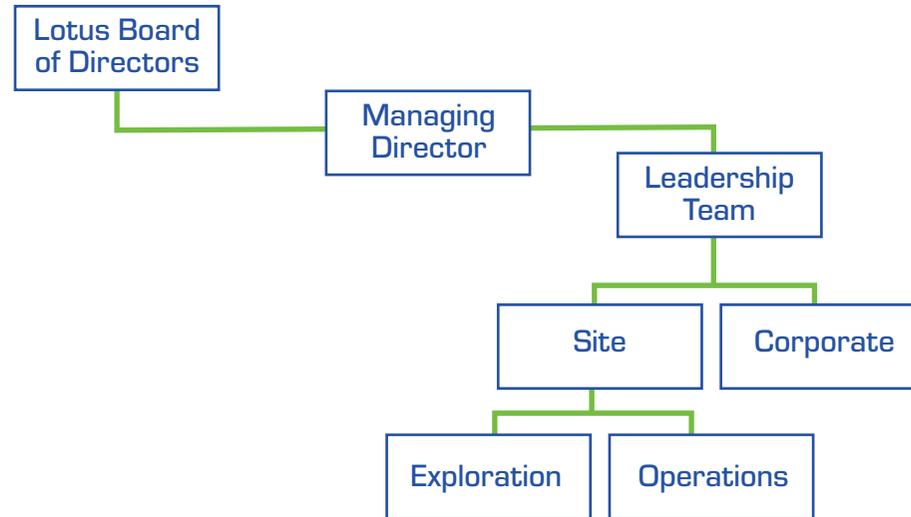


Location of the Kayelekera uranium mine in Malawi, Africa



Governance

Lotus has specific policies in place to meet our commitments to ethical business practice and strong corporate governance. These govern business activities by providing clear expectations regarding business and operational practices. Lotus’s policies are available on our website. The Managing Director (MD) who is also a member of the Board, has operational responsibility for sustainability issues. Management, through the MD, is responsible for the day-to-day design and implementation of the Company’s risk management and internal control system. More detail on Lotus’s governance can be found in the Corporate Governance Plan on the Lotus website. Lotus’s governance structure is outlined in the ‘Lotus governance structure’ table.



Lotus Resources governance structure

To ensure strong guidance is communicated around Lotus ESG topics, enactment of policies are nominated to specific internal committees and managers, a summary of which is in the table below.

Lotus Resources corporate policy responsibilities

| Pillar | Policies | Manager responsible |
|----------------------|--|---------------------|
| Environmental | Sustainability Policy* | CEO / MD |
| Social | Diversity Policy | CEO / MD |
| | Performance Evaluation Policy | CEO / MD |
| | Safety, Health, Environment and Radiation Policy** | CEO / MD |
| | Workplace Bullying Policy* | CEO / MD |
| Governance | Anti-Bribery and Anti-Corruption Policy | Co-Sec |
| | Corporate Code of Conduct | Co-Sec |
| | Shareholder Communication Strategy | Co-Sec |
| | Continuous Disclosure Policy | Co-Sec |
| | Trading Policy | Co-Sec |
| | Risk Management Policy | Co-Sec |
| | Whistle-blower Protection Policy | Co-Sec |

* Currently in development | ** Currently being reviewed and updated





Risk Management

The Board is committed to overseeing and reviewing the Lotus risk management strategy, ensuring an appropriate corporate governance structure and supporting the achievement of business and ESG objectives. The Board undertakes an annual assessment of the effectiveness of risk management and internal controls. Management implements Lotus' risk management and internal control system, and reports to the Board on Lotus' key risks, and the extent to which it believes that risks are being adequately managed. Lotus applies a whole-of-business approach to risk management that considers all categories of risk including health and safety, strategic, business, environmental, social and governance areas. The Company's risks framework is used to identify, assess, evaluate, treat, monitor and communicate risks that, when implemented sequentially, effectively identifies and manages material risks and enables continuous improvement.





Corporate Strategy

Lotus is committed to the goal of sustainable development which is reflected in its corporate values. The Company's values include the promotion and creation of shared wealth, becoming a significant uranium supplier, operating at good international industry practice, safety and environmental stewardship, employee welfare and recognition, and the meaningful contribution to the welfare of local communities in the country in which the Company operates.

Lotus is also cognisant of the extra diligence that is required by those in the uranium industry and emphasises acting with integrity, honesty and cultural sensitivity in all its dealings.

In implementing its sustainable development programme, Lotus aims to achieve a balance between economic, environmental and social needs in all phases of its operation, and takes into consideration its employees, communities, shareholders and other key stakeholders.



Sustainability at Lotus

“

“Lotus aspires to be a responsible uranium producer, building strong local communities, a safe and healthy work environment and making a positive contribution to a carbon free future”

Sustainability at Lotus is currently governed directly through the Board and focuses on the Company's performance in the areas of health, safety, radiation, environment, social responsibilities and sustainable development.

It is the intention of the Company that a Sustainability (or ESG) Committee be developed as the Company moves closer towards the restart of its Kayelekera asset. The Committee will comprise of a minimum of three Board members and will provide feedback to the Board on activities and results associated with Sustainability and ESG. This includes reports related to significant accidents, environmental incidents, community concerns, policy breaches or systems failures, and reviews internal and external audit reports to ensure that Lotus' operations are in compliance with relevant legislation.

In order to support the formation of this Committee the Company is in the process of engaging expert consultants to review all relevant policies and guidelines to ensure that they reflect current and emerging international standards.

All policies will be reviewed, revised where necessary and approved by the Board. The policies will then be rolled out to all personnel through comprehensive briefings and interactive sessions that addressed each policy in detail.





Lotus Sustainability Framework

The Lotus Board of Directors maintains oversight of all sustainability impacts and activities across Lotus. We strive to conduct business in a sustainable manner, guided by the following framework:



Board of Directors

Audit and Risk Committee
(currently Board function)



Sustainability policies

Sustainability Committee
(currently Board function)

Code of Conduct

Risk Management Policy

Anti-Bribery & Anti-Corruption Policy

Diversity Policy

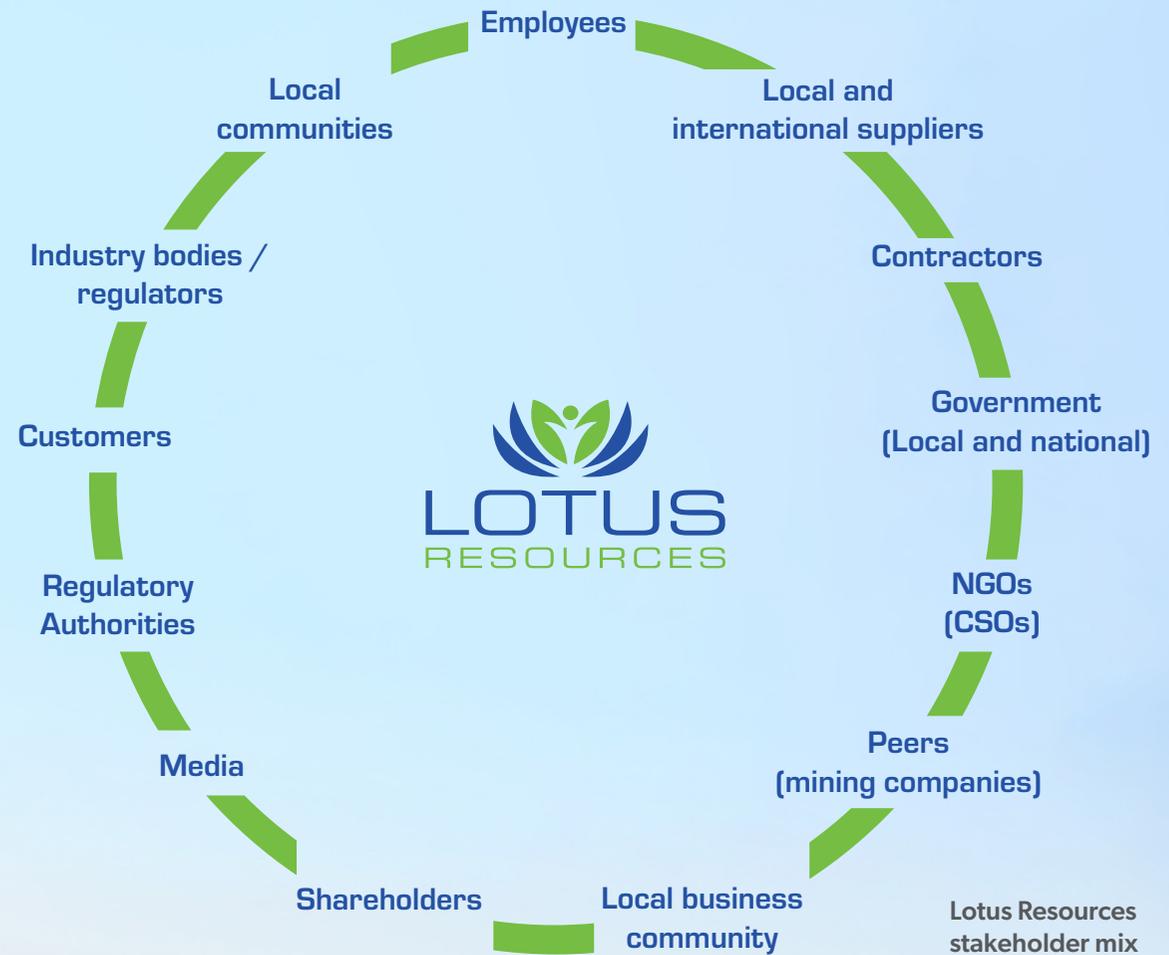
Safety, Health, Environment and Radiation Policy



Lotus Stakeholders

Stakeholder engagement is a central element in our approach to investor relations, sustainability, public affairs, communications and brand marketing. Considering the views and expectations of our stakeholders plays an essential role in the success of our Company and the social licence of our operations. We strive for regular, active and honest dialogue with our stakeholders.

Stakeholders are defined by the Global Reporting Initiative (GRI) Standards on Sustainability Reporting as an entity or individual that can reasonably be expected to be significantly affected by Lotus' activities, products or services, or whose actions can reasonably be expected to impact our ability to successfully implement our strategies and objectives. Lotus's stakeholders are shown in the following image.





Material Topics

In line with the GRI Standards, we applied a materiality process to inform the scope and level of disclosures identified in this Report. In FY21 we selected our material topics by considering feedback from stakeholders, Lotus’ leaders and subject matter experts, and an examination of industry benchmarks. Topics were evaluated and prioritised to ensure our purpose and strategic focus areas were considered. Lotus’s material topics are presented in the Lotus materiality matrix. We will review these topics annually to ensure we are reporting on topics that matter most to our business and stakeholders.



Lotus Resources materiality matrix



United Nations Sustainable Development Goals (SDGs)

“The 17 Sustainable Development Goals (SDGs) are our shared vision of humanity and a social contract between the world’s leaders and the people. They are a to-do list for people and planet, and a blueprint for success”

UN Secretary-General Ban Ki-moon

The 17 SDGs and 169 targets as agreed by the United Nations in the 2030 Agenda for Sustainable Development, aim to wipe out poverty, fight inequality and tackle climate change by 2030.

The SDGs are a call for action by all countries and companies to promote prosperity while protecting the planet.

They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection. The goals address the needs of people in both developed and developing countries, emphasizing that no one should be left behind.



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD





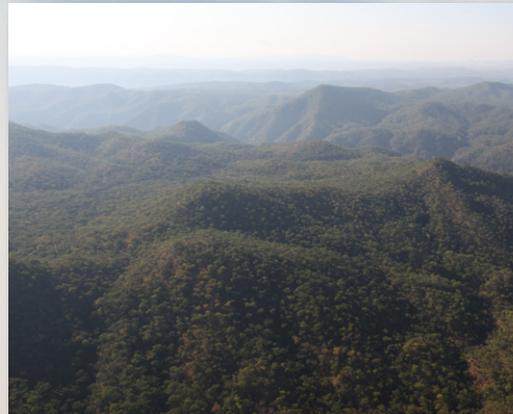
Lotus' Contribution to the SDGs

The following table summarises the ways in which Lotus strives to contribute to the SDGs across our operations.

| Material topic | SDGs | Lotus FY22 targets |
|---|------------------|--|
| Environmental | | |
| Water Management & Ecology | 6, 12, 14, | - No uncontrolled discharges to land, water bodies/courses or groundwater. |
| Waste & Hazardous Materials | 3, 6, 11, 15 | - Zero incidents of non-compliance associated with waste, transportation, standards and regulations. |
| Energy Management | 7, 9, 13 | - Develop optimal energy supply footprint for operating asset |
| Emissions | 7, 9, 12 | - Develop emissions footprint for operating asset |
| Social | | |
| Health, Safety and Wellbeing | 3, 5, 8 | - Zero fatalities - Reduction in Total Recordable Injury Frequency Rate (TRIFR) - Effective management of COVID-19 through Company response plan |
| Community Relations & Engagement | All SDGs | - Clarify position on community support & engagement, biodiversity & regeneration (land disturbance) - Finalise Community Development Agreement - Outline the way in which Lotus is supporting legacy projects put in place by previous owners - Draft list of priority sustainability projects with defined targets |
| Governance | | |
| Business Ethics & Competitive Behaviour | 1, 7, 9, 10, 16 | - Develop and publish a Code of Business Conduct and Ethics with reference to the objectives outlined in the Voluntary Principles Initiative (VPI) and UN Global Compact - Ensure that Lotus is operating in accordance with International Atomic Energy Association's (IAEA) Safeguards for nuclear material - Clarify our position on water, air and dust quality management and update our policies and procedures for environmental accountability |
| Management of Legal & Regulatory Requirements | 2, 7, 12, 13, 16 | - Update and clarify the policies and procedures by which Lotus meets and manages its legal and regulatory obligations in Malawi and Australia (tax, environment, health & safety, emissions, pollution & contamination, water management and other laws) |
| Economic Performance & Financial Management | 1, 8 | - Maximise Kayelekera spend with local Malawian businesses - Increase number of local suppliers |



Material Reporting Topics



Environmental

- Water management & ecology
- Waste & hazardous materials
- Energy management
- Greenhouse gas emissions



Social

- Health, safety & wellbeing
- Community relations & engagement
- Security



Governance

- Business ethics, anti-bribery & corruption
- Legal & regulatory environment
- Economic performance & financial management



Water Management & Ecology

Lotus target

To ensure that there is efficient, safe and sustainable use and protection of water resources and ecosystems at the Kayelekera mine.

Reporting responsibility

SHERMT / General Manager

Corporate policies & procedures

Sustainability Policy, Safety, Risk Management Policy

Kayelekera site policies & procedures

Risk Management Policy, Health, Environment & Radiation (SHER) Policy, Water Management Strategy, Environmental Incident Management Procedure, Surface Water Sampling, Environmental and Social Management Plan.

As the new owner of the Kayelekera mine, Lotus is committed to understanding Malawi's water resources and how we can best manage our operations within this context. We are focused on ensuring that water-related considerations are incorporated across all levels of our decision-making processes when it comes to the way in which we use water and the impact that our operations at Kayelekera have on local water resources. We aim to improve our water management activities, reduce our fresh-water intake and minimise environmental risk around water discharge and quality.

Placing a value on water in terms of its social, environmental and economic aspects is high on Lotus' agenda, as is the need to enhance and maintain our reputation by understanding community expectations when it comes to water use and quality. As part of this, Lotus strives to establish good working relationships with local regulatory authorities and stakeholders to ensure that we meet the highest possible standards when it comes to water management.

While the Kayelekera mine is in care & maintenance, our water management activities are focused on:

- Treating water in our two run-off water ponds using our onsite water treatment plant to ensure the water is of a quality suitable for discharge into the environment in accordance with our discharge licence conditions and World Health Organisation (WHO) guidelines for uranium concentrations in drinking water; and
- Managing the volume of water stored in on-site collection ponds so as to capture all rainfall run-off from our mining and processing areas. This will ensure that there is no overflow from our collection ponds and no unplanned discharge during Malawi's rainfall season (December to March), including no contamination of local water courses.





Water Management & Ecology (cont)

In general, Lotus manages water sustainability at our operations by:

- Understanding community expectations around water when making business decisions;
- Supporting good governance and development by working with the government to develop policies that are aligned with sustainable development objectives as well as the Company's management programs;
- Partnering with community groups, water utilities, NGOs, academia, other industry and government at all levels in water-related projects to share expertise and demonstrate commitment to leadership and responsible water performance;
- Together with the Government of Malawi, jointly monitoring water upstream and downstream of the Kayelekera mine to ensure that treated water being discharged into the local river system meets our licence requirements;
- Providing direction on water use reduction and water quality targets;
- Identifying water efficient technologies and practices and long-term water risk and opportunities; and
- Promoting a water-efficient culture.



Minimising future water run-off at Kayelekera

With climate change increasing the likelihood of extreme weather events, including more intense localised rainfall, Lotus is conscious of the need to make sure that our catchment ponds are of sufficient capacity to cope with any unforeseen rainfall. As part of this, in July 2020 we reduced dam levels at Kayelekera and developed a revised strategy for the 2021 wet season to allow for improved water management practices.

As part of our water, HSE and reputational risk management plans, Lotus is fully aware of the need to demonstrate to communities adjacent to Kayelekera - as well as to local and international authorities, NGOs, our stakeholders and investors that we are taking all possible steps to minimise water run-off at Kayelekera. This ensures that contaminated water never enters the local environment, even during extreme and unforeseen weather events.

| Data Indicator | FY19 | FY20 | FY21 |
|-------------------|------------------------|--------------------------|------------------------|
| Water withdrawal | 0 | 0 | 0 |
| Water consumption | 0 | 0 | 0 |
| Water discharge | 541,482 m ³ | 1,273,740 m ³ | 554,582 m ³ |



Waste and Hazardous Materials

Lotus target

To ensure that the disposal and management of waste and hazardous materials do not harm the environment, our workforce or the communities adjacent to our mine site.

Reporting responsibility

Process Superintendent / Safety Coordinator / General Manager

Corporate policies & procedures

Sustainability Policy, Safety, Health, Environment & Radiation (SHER) Policy, Risk Management Policy

Kayelekera site policies & procedures

Risk Management Policy, Occupational Health and Safety Policy, Waste Management Procedure, Rehabilitation Procedure, Environmental Incident Management Procedure.

To mitigate risks associated with waste and hazardous materials, including radioactive materials, Lotus identifies all potential issues that may arise due to the use, transportation, storage and disposal of waste and hazardous materials at our operations. The Waste and Hazardous Materials Management plan details specific management actions for identifying issues with assigned timing and accountability and includes:

- Securing all relevant licenses for all waste and hazardous materials that we are responsible for handling;
- Recording and monitoring the type and volume of all hazardous materials generated and held on site;
- Providing signage alerting our workforce and contractors to waste and hazardous material storage areas and transport vehicles;
- Ensuring that waste and hazardous materials are not released into the environment and that any spills are appropriately managed, cleaned up and reported to relevant authorities;
- Undertaking regulator environmental inspections in accordance with our Environmental Inspection Schedule; and

- Auditing our compliance with regard to waste and hazardous materials regulations and regularly reporting on our environmental performance.

Lotus strives to minimise airborne pollution from our C&M activities on the environment, our workforce and the communities surrounding our mine. We do this by complying with the environmental licence conditions associated with our operations, including radiation for C&M activities, and with all applicable environmental legislation and corporate environmental standards.

In particular, Lotus:

- Conducts awareness training on regulations and standards;
- Implements effective environmental/radiation monitoring and measuring programs;
- Minimises fugitive dust generated on site by regulating mobile equipment speed limits and applying engineering dust suppression mechanisms; and
- Undertakes regular inspections, audits and reporting on environmental performance.



Waste and Hazardous Materials

(cont)



Positional dust management

Radiometric and gravimetric analysis of dust is conducted on samples collected from the high-volume air samplers (HVAS) at strategic locations in the mine site. Gravimetric concentrations for the reporting period remain low in the process plant and environment due to low dust levels.

The average of all gravimetric and radiometric analysis on the long-lived radioactive dust (LLRD) remains below the derived limit of intake (DLI). The data from the radiation monitoring has been used to determine the contribution from site to the dose of a hypothetical group of people living on the boundary of the mine. Results from all monitoring are then compared to the DLI.

Radiation monitoring results from both radiometric and gravimetric monitoring stations are all within applicable limit values for exposure. This is attributed to inactivity around site as there is minimal activities generating dust during C&M.



Radon Decay Products

Radon decay products (RDP) sampling is conducted at various strategic locations on site. All mean concentrations for RDP sampling remain low compared to DLI. Results from the monitoring program show that emanation of RDP follow seasonal trends, tending to be high during the dry season (May to November) and low during the rainy season (December to April). This is because there is a relationship between soil moisture and radon emanation with low soil moistures (dry season) having higher radon emanations and the higher soil moisture concentrations (wet season) being associated with lower emanations of radon.

| Data Indicator | FY19 | FY20 | FY21 |
|--------------------------------------|--------|--------|--------|
| Environmental inspections undertaken | 52 | 52 | 12 |
| Waste and hazardous materials audits | 2 | 2 | 1 |
| Samples collected (dust) | 241 | 106 | 91 |
| Samples collected (RDP) | 28,034 | 22,227 | 23,345 |
| Staff awareness/training activities | 92 | 94 | 74 |



Greenhouse Gas Emissions

Lotus target

To reduce greenhouse gas emissions, specifically carbon dioxide, across our operations.

Reporting responsibility

General Manager

Corporate policies & procedures

Sustainability Policy

Kayelekera site policies & procedures

Occupational Health and Safety Policy

Lotus is committed to reducing GHG emissions across our operations. We achieve this by maintaining our electricity generators and vehicles to ensure that they run efficiently and minimise fuel usage and by undertaking energy saving measures where appropriate.

On-site diesel generators are regularly inspected to ensure any problems are identified and rectified as soon as possible. We also monitor and record our diesel and oil use and share this data with regulatory authorities, including the Malawi Energy Regulatory Authority (MERA) and Malawi's Environmental Affairs Department (EAD). While the Kayelekera mine is in care & maintenance, diesel fuel usage has been reduced to minimum viable levels (Figure 8).

In April 2021, Lotus launched a review into operating costs at Kayelekera, including the viability of switching on-site power generation from diesel-fired plant to grid-supplied electricity. Lotus is also considering installing a solar photovoltaic (PV) and battery storage system to supply low emissions electricity for the mine's camp facilities.

| Data Indicator | FY19 | FY20 | FY21 |
|-----------------------|------|------|------|
| Scope 1 GHG emissions | 2508 | 3231 | 1503 |
| Scope 2 GHG emissions | 0 | 0 | 0 |





Energy Management

Lotus target

To lower our energy consumption and associated costs

Reporting responsibility

General Manager

Corporate policies & procedures

Sustainability Policy

Kayelekera site policies & procedures

Energy Management Policy, Occupational Health and Safety Policy

Through our Energy Management Policy, Lotus optimises energy use to improve cost-effectiveness, enhance working conditions, reduce carbon emissions, contribute to sustainability and reduce waste associated with energy use.

All our employees as well as on-site contractors/suppliers working on Lotus' behalf have a role to play in conserving and using energy efficiently.

Lotus strives to use energy in the most efficient, cost effective, and environmentally responsible manner possible by:

- Continuously improving our energy efficiency by establishing and implementing strategic energy management practices that support processing distribution and service capabilities while providing a safe and comfortable work environment;
- Embedding energy efficiency in product development, process and facility design and in the procurement of our goods and services;
- Encouraging continuous improvement in energy conservation by our employees;
- Using energy consumption data to establish key performance indicators (KPIs) to drive performance improvements; and
- Procuring adequate and dependable energy supplies at the most advantageous rate and implement appropriate risk contingency plans to protect operations from supply interruptions;
- Ensuring that we comply with all applicable legal and other requirements on energy usage, management and efficiency.

As noted above, Lotus is reviewing the viability of switching on-site power generation from diesel-fired plant to grid-supplied electricity and considering installing a solar PV and battery storage system to supply power to the mine's camp facilities.

| Data Indicator | FY19 | FY20 | FY21 |
|------------------------------|---------|---------|---------|
| Total power generation (Kwh) | 598,413 | 707,712 | 367,637 |
| Power plant availability (%) | 83 | 83 | 95 |



Security

Lotus target

Maintain security and safety by applying appropriate measures and systems at our mine site.

Reporting responsibility

Security Manager / General Manager

Corporate policies & procedures

Risk Management Policy

Kayelekera site policies & procedures

Identity Card Procedure, Alcohol Testing Procedure, Key Control Procedure, Requisition Control Procedure.

Lotus is committed to ensuring that our operations are safely and securely maintained both for our workforce and for the communities adjacent to our mine as well as for the financial stability of the Company as a whole. We do this by:

- Protecting Company assets and employees against hostile measures;
- Creating a safe and conducive working environment; and
- Loss prevention.

Security at our operations is maintained by:

- Manning access control across the mine site;
- Detecting unauthorised access to the mine site;
- Perimeter patrols and gathering of intelligence;
- Investigation of internal and external crimes;
- Disciplinary system and recordkeeping; and
- Promoting strong and mutually respectful relationships with the local community surrounding the mine and with government enforcement agencies such as police and the courts.

Data indicator

FY21

| | |
|---|--------------|
| Number of employees / contractors receiving security training | 24 (34%) |
| Number security breaches (incursions) | 3 |
| Number inspections (vehicles) | 849 (100%) |
| Number inspections (persons) | 3,697 (100%) |



Health and Safety

Lotus target

Maintain a healthy and safe work environment for all employees by targeting goals such as a zero Lost Time Injury Frequency Rate

Reporting responsibility

General Manager / Managing Director

Corporate policies & procedures

Sustainability Policy, Safety, SHER Policy

Kayelekera site policies & procedures

Risk Assessment Control procedure, Fitness for work procedure, Confined Space Entry procedure, Hot work procedure, Isolation and Lockout and Tag Out procedure, Permit to work procedure, Contractor management procedure.

Lotus's approach to health and safety management is guided by its SHER Policy, and supported by its Sustainability Policy, which enshrines the safety, health and wellbeing of employees, contractors and the community as a core value to business success. The radiation component of this policy sets out the overarching framework for the Company to achieve and maintain a high standard of radiation management performance as is required for a uranium mine.

Lotus believes that:

- Excellence in SHER protection is fundamental to a sustainable development and to our long-term business success;
- All injuries are preventable and care for our employees, surrounding communities and the environment is an integral and vital part of doing business. Lotus is committed to implementing appropriate controls to avoid, manage, mitigate and remediate any negative impacts whilst maximising positive impacts; and
- Our Safety Management System is based on ensuring compliance with SHER laws and regulations as the minimum standard with a focus toward continual improvement of our practices.
- Investigations of reported incidents and where appropriate implementation of remedial actions;
- Routine HSE inspections with findings sent to Head of Department for corrective action and follow up.
- HSE promotion at Toolbox talks, Take 5 risk assessments performed before any task and permits to work are issued for all high risk tasks
- Implementation of a medical surveillance program where new employees and contractors are required to undergo pre-medical examination. Exit medical examinations are also performed and routine medical examinations are also carried out for all Lotus employees

This is achieved by:

- Maintaining compliance with all the applicable SHER legal and regulatory requirements;
- Fostering a culture of promoting workplace SHER in the best interests of all participants;
- Implementing and complying with the Company's permit system, undertaking risk assessments, HSE training and awareness programs;
- Maintaining the onsite clinic for company's management of occupational health; and
- Timely reporting of incidents;
- The Emergency Response Plan has been updated for emergency scenarios including, environment emergency, fire emergency, medical emergency, COVID-19 emergency, vehicle accident emergency, confined space rescue and radiation incidents; and
- A COVID-19 response plan has been put in place with mandatory preventive measures in place and 90 % of employees and contractors are vaccinated.

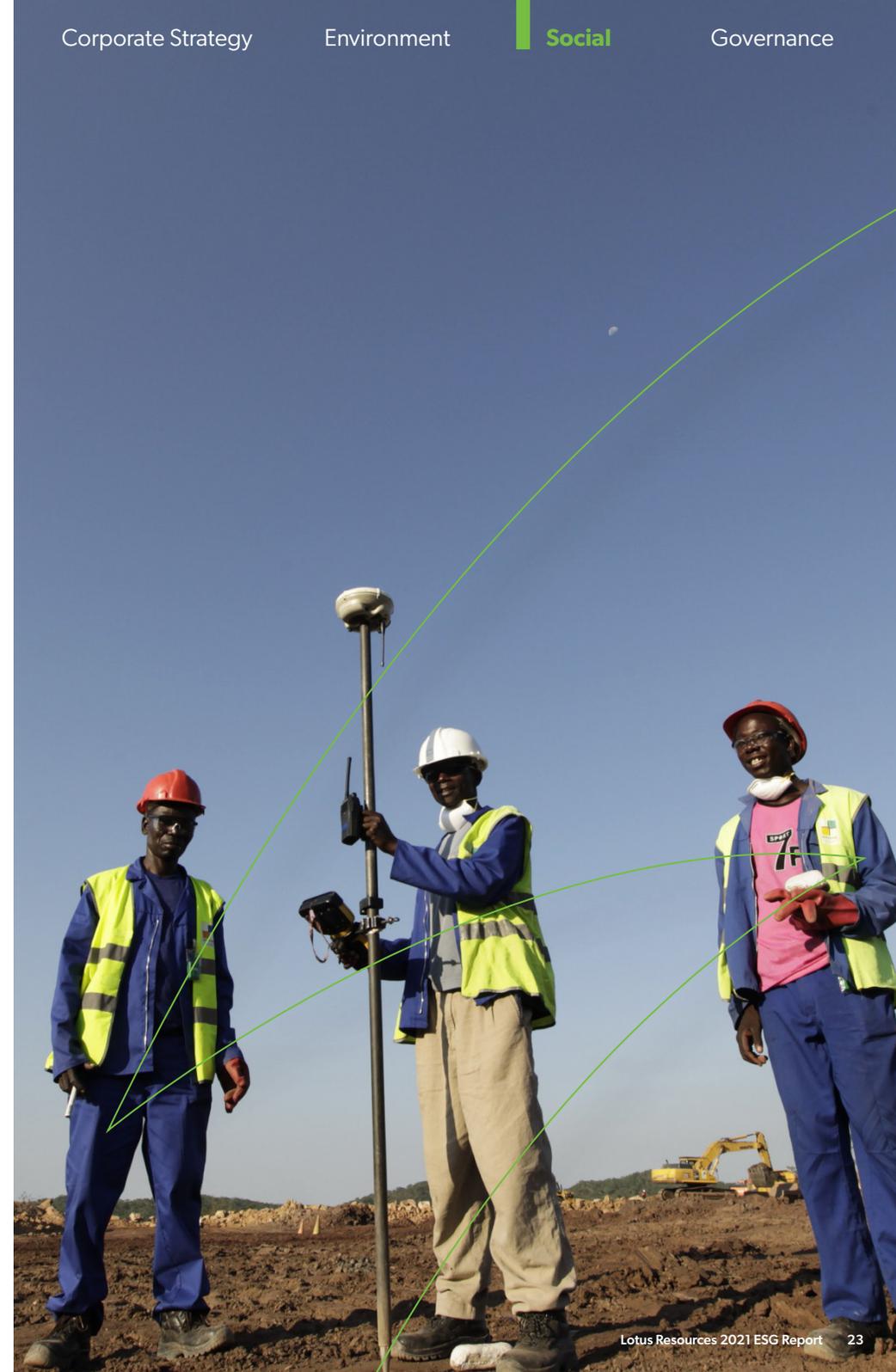


Health and Safety

(cont)

Health & Safety Statistics

| Parameter | FY19 | FY20 | FY21 |
|---|------------|------------|-----------|
| Total Incidents | 382 | 232 | 75 |
| Fatality | 0 | 0 | 0 |
| Lost time injuries | 0 | 0 | 0 |
| Restricted work injuries | 0 | 0 | 0 |
| Medically-treated injuries | 1 | 0 | 4 |
| First aid Injuries | 4 | 0 | 0 |
| Malaria cases | 22 | 11 | 28 |
| COVID-19 cases | - | 0 | 1 |
| Total Safety Incidents (non-injuries) | 377 | 232 | 71 |
| Days lost to lost time injuries | 0 | 0 | 0 |
| Days lost to restricted work injuries | 0 | 0 | 0 |
| Total man-hours worked | 384,567 | 317,186 | 156,879 |
| All Injury frequency rate | 15.6 | 0 | 5.1 |
| Disabling Injury frequency rate | 0 | 0 | 0 |
| Lost time injury (LTI) frequency rate | 0 | 0 | 0 |
| Total recordable injury (TRI) frequency ratio | 15.6 | 0 | 5.1 |
| First aid Injury frequency rate | 2.6 | 0 | 0 |
| Safety duration index | 13 | - | - |





Community Relations and Engagement

Lotus target

Maintain a good working relationship and effective communication with our stakeholders to proactively manage grievances, mitigate potential conflicts and enhance security.

Reporting responsibility

Security Manager / SHERMT / General Manager / Managing Director

Corporate policies & procedures

Sustainability Policy, Risk Management Policy

Kayelekera site policies & procedures

Social and Environmental Grievance Procedure, Community Engagement Plan, Community Business Development Plan, Social Management Plan, Community Development Agreement, Goods and Services Procurement Plan.

Lotus believes that maintaining good relationships with the communities that surround our mine, is fundamental to enhancing business productivity and sustainability on all its projects. We aim to proactively and productively engage with our surrounding communities and a range of organisations including government, NGOs and other civil society groups.

Lotus consults and engages with stakeholders through formal and informal meetings which recognise the importance of listening to and understanding the issues raised by them so that we can respond effectively. Community engagement and consultation is also a legal requirement under Section 300 and 330 of Malawi's Mines and Minerals Act 2019.

Lotus has developed a number of policies, procedures and agreements for Kayelekera to ensure that communities are taken into consideration in day-to-day business. These include: business development, procurement, community engagement and community development agreements.

| Data indicator | FY21 |
|--|---|
| Local wage spend | \$234,709 |
| Community complaint numbers & topics | 2 (employment/business opportunities & water) |
| Community impact and cultural heritage incidents | 0 |
| Stakeholders engaged | 25 |



Lotus staff engaging with local chiefs, village headmen and community development leaders in Malawi



Business Ethics, Anti-bribery and Corruption

Lotus target

To detect and prevent fraud and corrupt practices across our operations

Reporting responsibility

General Manager / Managing Director

Corporate policies & procedures

Anti-Bribery and Anti-Corruption Policy, Corporate Code of Conduct,

Kayelekera site policies & procedures

Anti-Bribery and Corruption Compliance Guide, Disciplinary Code, Disciplinary Policy, Camp Rules and Employee Code of Conduct

Lotus is committed to detecting and preventing fraud as well as fostering a zero-tolerance approach to corruption Company wide in accordance with applicable anti-bribery and corruption laws, including those in Malawi and Australia. It commits to integrity, strong governance and responsible business practices with internal procedures supporting the company's anti-corruption commitment.

This commitment is formally outlined in our Corporate Code of Conduct, and Anti-Bribery and Anti-Corruption Policy. In FY21 there were no incidents and therefore no corrective actions were required.

Lotus at all times promotes a culture of acting ethically with honesty, transparency and openness in all that we do. The Lotus Whistle-blower Protection Policy fosters an environment where concerns about illegal or unethical behaviour can be reported in confidence and without fear of retribution.

We achieve this by:

- Conducting regular anti-bribery and corruption training sessions for our workforce;
- Putting in place whistle-blowing policies, including protecting whistle-blowers within our organisation;
- Investigating instances of fraud and corruption; and
- Instituting disciplinary or criminal prosecution for those found to have been involved in fraud or corruption.

Data indicator

FY21

| | |
|--|----------|
| Employees / Contractors receiving code of conduct and associated training | 51 (73%) |
| Employees / Contractors receiving communication and training about anti-corruption policies and procedures | 51 (73%) |
| Confirmed incidents of corruption | 0 |



Legal and Regulatory Environment

Lotus target

To ensure the company complies with applicable laws and regulations

Reporting responsibility

General Manager / Company Secretary

Corporate policies & procedures

Corporate Code of Conduct, Continuous Disclosure Policy, Trading Policy, Workplace Bullying Policy

Kayelekera site policies & procedures

Lotus operates within all relevant national and international legal frameworks which impact our day-to-day business. We take steps to remain compliant and to foster good working relationships with all regulatory authorities, including but not limited to the Malawi Revenue Authority (MRA), MERA and Malawi Environmental Protection Authority (MEPA).

Lotus has put a number of policies and standard operating procedures in place to ensure that we conform to the requirements of all relevant regulatory bodies. For example, we use the pay-as-you-earn VIP payroll management system which automatically calculates our tax allocations to the MRA or our Technical, Entrepreneurial, Vocational Education and Training (TEVET) levy requirements to Technical, Entrepreneurial, Vocational Education and Training Authority (TEVETA).

We strive to comply with all relevant environmental requirements associated with air and water quality and emissions to ensure that we do not exceed statutory limits and associated damage as a consequence of our actions.

Data indicator

FY21

| | |
|--|----------|
| Number of employees receiving training | 14 (74%) |
| Number breaches of regulations or compliance | 0 |



Economic Performance & Financial Management

Lotus target

To control costs and ensure efficient use of shareholders funds

Reporting responsibility

Commercial Manager / Managing Director

Corporate policies & procedures

Anti-Bribery & Anti-Corruption Policy, Risk Management Policy, Performance Evaluation Policy and Whistle-blower Protection Policy

Kayelekera site policies & procedures

Stock-Take Procedure, Procurement Process, Financial Month End Closure, Capital Expenditure.

Lotus is committed to:

- Creating shareholder wealth by developing the considerable opportunities that Lotus has and continues to generate;
- Becoming a major player in the uranium supply market;
- Contributing to the growth and prosperity of Malawi; and
- Acting with integrity, honesty and cultural sensitivity in all our dealings.

This is achieved by:

- Maintaining a robust internal control framework including administering and enforcing internal policies and procedures;
- Adherence to reporting best practice including compliance with International Financial Reporting Standards and the Corporations Act 2001;
- A transparent reporting regime so that accurate and timely financial reports are received by the Board and Management so they can effectively discharge their duties and drive the strategic direction of the Company; and
- Develop financial governance such that experienced auditors are engaged by the Company.





Economic Performance & Financial Management (cont)

| Data indicator (USD) | FY 2019 | FY2020 | FY2021 |
|--|-----------|-----------|-----------|
| Care & Maintenance expenditure | 6,939,399 | 4,731,244 | 1,885,385 |
| Royalties | 0 | 0 | 0 |
| Taxes | 307,647 | 640,060 | 256,991 |
| Purchases from local Malawian businesses | 2,096,755 | 2,618,720 | 596,118 |
| Social development projects | 7,747 | 7,692 | 13,709 |
| Local suppliers | 59 | 52 | 39 |

Total Royalties
Paid USD 10M



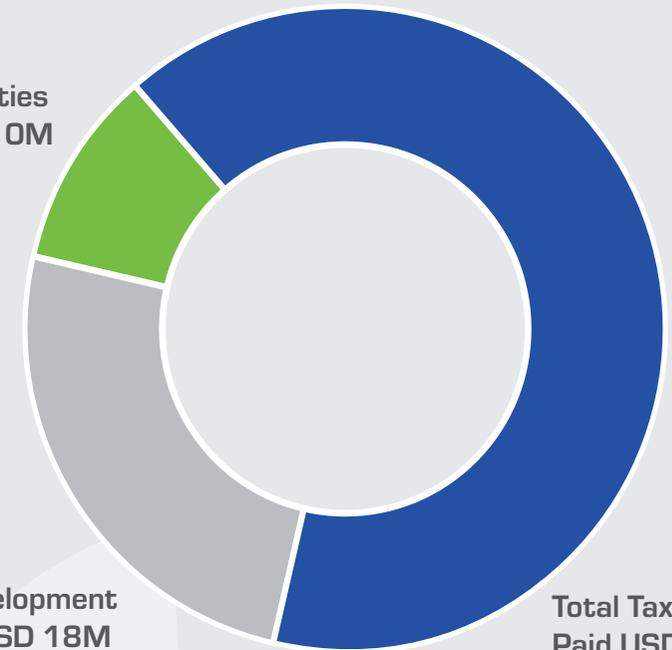
Social Development
Projects USD 18M



Total Taxes
Paid USD 41M



Economic benefits of the Kayelekera project
to Malawi (USD million) since 2008





Report Information

This sustainability report, approved for release by the Company's Board of Directors, covers the period from 1 July 2020 to 30 June 2021 (FY2021). The report forms part of Lotus's annual corporate reporting suite. It offers an account of our contributions to sustainable development and complements Lotus's FY2021 Annual Report.

The report covers our 85%-owned Kayelekera project. This report mirrors the GRI Standard processes with which Lotus has aspirations to report 'in accordance with' when moving from care and maintenance into production. The currency used throughout this report is Australian Dollars, unless otherwise stated.

For further information about our sustainability approach, or to provide feedback about this report please email info@lotusresources.com.au or contact +61 (8) 9200 3427.



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